
VILLAGE OF FRENCH SETTLEMENT
REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Honorable Mayor, Toni Guitrau
And Members of the Board of Alderman
Village of French Settlement, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Village of French Settlement, Louisiana, as of and for the year ended December 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Village of French Settlement, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village of French Settlement is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 L, the Village adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the year ended December 31, 2012.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information on pages 2 – 7 and 22, are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by The Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Postlethwaite & Netterville

May 8, 2013

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on December 31, 2012.

NEW ACCOUNTING PRONOUCEMENTS IMPLEMENTED

The Village implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the year ended December 31, 2012. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

FINANCIAL HIGHLIGHTS

- The Village's total net position totaling \$835,198 decreased 0.9% over the course of the year's operations compared to prior year.
- During the year, the Village's expenses were \$7,658 more than the \$224,541 generated in charges for services, and other revenue.
- The General fund reported a fund balance of \$331,130 at December 31, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

Figure A-1 Major Features of Village's Government and Fund Financial Statements		
	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire Village government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as police, fire, and parks
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter

VILLAGE OF FRENCH SETTLEMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Government-wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how they have changed. Net position—the difference between the Village's assets and liabilities—is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Village consist of one category:

- Governmental activities—most of the Village's basic services are included here, such as the police department, and general administration. Fines and fees finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds—not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

The Village has only one kind of fund:

- Governmental funds—Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position. The Village's net position was \$835,198 at the end of the fiscal year. (See Table A-1.)

Table A-1		
Village's Net Position		
Governmental Activities		
	2012	2011
Current and other assets	\$336,923	\$314,015
Capital assets	504,068	537,358
Total assets	840,991	851,373
Current liabilities	5,793	8,517
Total liabilities	5,793	8,517
Net position		
Invested in capital assets	504,068	537,358
Unrestricted	331,130	305,498
Total net position	\$ 835,198	\$ 842,856

Net position of the Village's governmental activities decreased to \$835,198 or by 0.9% from prior year.

Net position of invested in capital assets accounts for approximately 60.4% of total net position reported as of December 31, 2012.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

Changes in net position. The Village's total revenues decreased during 2012 to \$224,541 representing a decrease of 30.4% from 2011. (See Table A-2.) Approximately 90 percent of the Village's revenue comes from charges for services and grants. Intergovernmental revenues represent 10 percent, and most of the rest is interest income and miscellaneous revenue.

The total cost of all programs and services \$232,199. The Village's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Village's governmental activities were \$7,658 less than total expenses for year end.

- The cost of all governmental activities this year was \$232,199.

Table A-2		
Changes in Village's Net Position		
Governmental Activities		
	2012	2011
Revenues		
Program revenues		
Charges for services	\$ 195,497	\$ 203,523
Grants	5,900	89,830
General revenues		
Intergovernmental	21,891	28,445
Miscellaneous	861	339
Interest	392	311
Total revenues	224,541	322,448
Expenses		
General government	81,705	78,928
Public safety	150,494	172,125
Streets	-	-
Total expenses	232,199	251,053
Increase (decrease) in net position	\$ (7,658)	\$ 71,395

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a fund balance of \$331,130.

VILLAGE OF FRENCH SETTLEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

General Fund Budgetary Highlights

- Over the course of the year, there were not any amendments made to the general fund.

CAPITAL ASSETS

At the end of 2012, the Village had invested approximately \$891,906 in a broad range of capital assets, including police equipment, vehicles, buildings, and land. (See Table A-3)

Table A-3 Village's Capital Assets				
Governmental Activities				
		2012		2011
Land		\$ 133,511		\$ 133,511
Building and improvements		441,645		441,645
Equipment		183,979		177,531
Vehicles		132,771		132,771
Less: Accumulated Depreciation		(387,838)		(348,100)
Total		\$ 504,068		\$ 537,358

This year's major capital asset additions included:

- The purchase of computer equipment costing approximately \$4,700.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on fines for 51 percent of its revenues, grants are 3 percent and franchise fees represent 36 percent. The economy is not expected to generate any significant growth. Therefore, the Village's future revenues are expected to be consistent with the current years.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Toni Guitrau, P.O. Box 3, French Settlement, LA 70733.

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 317,369
Receivables	19,554
Capital assets, net of accumulated depreciation	<u>504,068</u>
TOTAL ASSETS	<u>840,991</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 2,184
Salaries payable	2,696
Accrued expenses	<u>913</u>
TOTAL LIABILITIES	<u>5,793</u>
<u>NET POSITION</u>	
Invested in capital assets	504,068
Unrestricted	<u>331,130</u>
TOTAL NET POSITION	<u><u>\$ 835,198</u></u>

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

		<u>Program Revenues</u>		Net (Expense)
				Revenue and
				Changes in
				Net Position
	<u>Expenses</u>	<u>Charges for</u>	<u>Grants</u>	<u>Governmental</u>
		<u>Services</u>		<u>Unit</u>
<u>FUNCTIONS/PROGRAMS</u>				
Governmental activities:				
General governmental	\$ 232,199	\$ 195,497	\$ 5,900	\$ (30,802)
Total governmental activities	<u>232,199</u>	<u>195,497</u>	<u>5,900</u>	<u>(30,802)</u>
General Revenues:				
French Settlement Police Department				11,950
Occupational licenses				8,940
Permits				22
Beer tax				979
Interest				392
Miscellaneous				<u>861</u>
Total general revenues				<u>23,144</u>
Change in net assets				(7,658)
Net position - January 1, 2012				<u>842,856</u>
Net position - December 31, 2012				<u>\$ 835,198</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund
ASSETS	
Cash	\$ 317,369
Receivables	19,554
Total assets	\$ 336,923
 LIABILITIES	
Accounts payable	\$ 2,184
Salaries payable	2,696
Accrued expenses	913
Total liabilities	5,793
 FUND BALANCES	
Unassigned	331,130
 Total liabilities and fund balances	\$ 336,923

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Total fund balances - Governmental Funds	\$ 331,130
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>504,068</u>
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Total net position at December 31, 2012 - Governmental Activities	<u><u>\$ 835,198</u></u>
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See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>General</u>
REVENUE	
Fines	\$ 115,038
Franchise fees	80,459
French Settlement Police Department	11,950
Occupational licenses	8,940
Grants	5,900
Permits	22
Beer tax	979
Miscellaneous	861
Interest	392
	<u>224,541</u>
 EXPENDITURES	
General government	88,153
Public safety	110,756
Total expenditures	<u>198,909</u>
 Excess of revenues over expenditures	 25,632
 Fund Balance, Beginning of Year	 <u>305,498</u>
Fund Balance, End of Year	<u><u>\$ 331,130</u></u>

See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO CHANGES
IN NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - Governmental funds	\$ 25,632
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$39,738) exceeded capital outlay (\$6,448) in the current period.

	(33,290)
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Change in net position of governmental activities	<u>\$ (7,658)</u>
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See accompanying notes and independent accountants' review report.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Village of French Settlement (Village) is the governing authority for French Settlement and is a political subdivision of the State of Louisiana. The Village is operated under a Mayor-Board of Alderman form of government. The Mayor, alderman and alderwomen serve four-year terms.

Louisiana Revised Statute 33:321 gives the Village various powers in regulating and directing affairs of the Village and its inhabitants. The more notable of these is the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for health and welfare of the poor, disadvantaged, and unemployed in the Village. Funding to accomplish these tasks is provided by fines, beer and alcoholic beverage permits, franchise taxes, and various other state and federal grants.

B. Reporting Entity

As the governing authority of the incorporated limits of French Settlement, for reporting purposes, the Village of French Settlement is the financial reporting entity for French Settlement, Louisiana. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organization for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of French Settlement for financial reporting purposes. The basis criterion for including a potential unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Village has determined that there are no component units.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements

Government-wide Statements: The statement of net position and the statement of activities display information about the Village of French Settlement. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Village's funds. Separate statements for each fund category – *governmental* – are presented. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The Village reports the following major governmental funds:

- a. General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Budget Practices

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1) The Village's Mayor and Village Aldermen prepare a proposed budget message and budget prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3) A special meeting is held to conduct a public hearing is held to review and discuss on the proposed budget.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Village Aldermen.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices of Louisiana.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated market value at the date of donation. The Village maintains a threshold of \$500 or more for capitalizing capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	15 years
Vehicles	5 years
Equipment	7 years

H. Compensated Absences

The Village does not have a policy relating to vacation and sick leave.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

K. Fund Equity of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable- represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted- represents balances where constraints have been established by parties outside the village or imposed by law through constitutional provisions or enabling legislation.

Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the village's highest level of decision-making authority.

Assigned- represents balances that are constrained by the village's intent to be used for specific purposes, but are neither restricted nor committed

Unassigned- represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the village reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the village reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

L. Recently Issued Accounting Principles

In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Village adopted GASB Statement 63 in 2012.

2. CASH AND CASH EQUIVALENTS

At December 31, 2012, the Village has cash and cash equivalents (book balances), as follows:

Demand Deposits	\$ 62,976
Louisiana Assets Management Pool	<u>254,393</u>
Total	<u>\$ 317,369</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit for custodial credit risk. As of December 31, 2012, the Village's bank balance was not exposed to custodial credit risk.

At December 31, 2012, the Village has \$62,976 in deposits (collected bank balances). The \$62,976 consists of a non-interest bearing account. It is secured from risk by \$62,976 of federal deposit insurance. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc., (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, which operates a local government investment pool.

3. INVESTMENTS

At December 31, 2012, the Village had \$254,393 in investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165, the investment of LAMP at December 31, 2012, is not categorized in the three categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc. A non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investments interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consist of no securities with a maturity in excess of 397 days. The LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Since all o the investments are considered less than 90 days, the investments are classified as cash equivalents on the balance sheet of the Village.

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

4. RECEIVABLES

At December 31, 2012, the receivables of \$19,554 represent grants and amounts due for franchise taxes totaling \$ 5,900 and \$13,654, respectively.

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, are as follows:
Governmental activities:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of Capital Assets December 31, 2011	\$133,511	\$ 441,645	\$ 177,531	\$ 132,771	\$ 885,458
Additions	-	-	6,448	-	6,448
Costs of Capital Assets, December 31, 2012	133,511	441,645	183,979	132,771	891,906
Accumulated depreciation December 31, 2011	-	112,054	130,114	105,932	348,100
Additions	-	17,041	13,227	9,470	39,738
Accumulated depreciation, December 31, 2012	-	129,095	143,341	115,402	387,838
Capital assets, net of accumulated depreciation at December 31, 2012	<u>\$133,511</u>	<u>\$ 312,550</u>	<u>\$ 40,638</u>	<u>\$ 17,369</u>	<u>\$ 504,068</u>

For the year ended December 31, 2012, depreciation expense was \$39,738.

6. <u>AMOUNTS PAID ELECTED OFFICIALS</u>	<u>Amount</u>
Toni Guitrau, Mayor	6,000
Danette Aydell, Alderwoman	1,500
Teresa Miller, Alderwoman	1,500
Glen G. Newell, Alderman	1,500
Harry Brignac, Chief of Police	32,681
Total	<u>\$ 43,181</u>

VILLAGE OF FRENCH SETTLEMENT

NOTES TO THE FINANCIAL STATEMENTS

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was May 8, 2013 and determined that there were no significant subsequent events that required disclosure in the financial statements.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

VILLAGE OF FRENCH SETTLEMENT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines	\$ 80,800	\$ 80,800	\$ 115,038	\$ 34,238
Franchise fees	92,000	92,000	80,459	(11,541)
French Settlement Police Department	12,750	12,750	11,950	(800)
Occupational licenses	10,500	10,500	8,940	(1,560)
Grants	-	-	5,900	5,900
Permits	1,100	1,100	22	(1,078)
Beer tax	600	600	979	379
Miscellaneous	3,500	3,500	861	(2,639)
Interest	500	500	392	(108)
	<u>201,750</u>	<u>201,750</u>	<u>224,541</u>	<u>22,791</u>
EXPENDITURES				
General government	89,542	89,542	88,153	1,389
Public safety	108,289	108,289	110,756	(2,467)
Streets	3,000	3,000	-	3,000
Total expenditures	<u>200,831</u>	<u>200,831</u>	<u>198,909</u>	<u>1,922</u>
Excess of revenues over expenditures	919	919	25,632	24,713
Fund Balance, Beginning of year	<u>305,498</u>	<u>305,498</u>	<u>305,498</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 306,417</u>	<u>\$ 306,417</u>	<u>\$ 331,130</u>	<u>\$ 24,713</u>

See independent accountants' review report.

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor, Toni Guitrau
And Members of the Board of Aldermen
Village of French Settlement, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of French Settlement, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of French Settlement, Louisiana's compliance with certain laws and regulations during the year ended December 31, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Village of French Settlement is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law:

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775(the state procurement code), whichever is applicable.

Purchases were made in accordance with bid law.

Code of Ethics for Public Officials and Public Employees:

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the list obtained from management in agreed-upon procedures (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure (3)) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 14, 2011 which indicated that the budget had been adopted by the commissioners of Village of French Settlement.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

Actual revenues were more than budgeted amounts, but expenditures did not exceed budget amounts by more than 5%.

Accounting and Reporting:

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee,

We examined supporting documentation for each of the six selected disbursements and found that payment was for proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account, and

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of the documentation supporting each of the six selected disbursements indicated approval from the board of aldermen.

Meeting:

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised by R.S. 42:11 through 42:28 (the open meetings law).

The Village properly complied with the requirements of the open meetings law.

Debt:

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

Inspection of all bank deposit slips for the period under examination showed that none of the deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses:

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village indicated no approval for the payments noted. We noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations:

Our prior year report, dated May 8, 2012, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of any opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of French Settlement, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Perithurath & Mettewilly
May 8, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE

Postlethwaite & Netterville, APAC
326 E. Cornerview
Gonzales, LA 70737

In connection with the review of our financial statements as of December 31, 2012, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representation to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to make these representations.

These representations are based on the information available to us, the Village of French Settlement, as of

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes (X) No () N/A ()

Code of Ethics for Public Officials and Public Employees

It is true that no employees have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes (X) No () N/A ()

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes (X) No () N/A ()

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes (X) No () N/A ()

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes (X) No. () N/A ()

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes (X) No () N/A ()

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes (X) No () N/A ()

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes (X) No () N/A ()

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution,, and LSA-RS 47:1410.60.

Yes (X) No () N/A ()

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes (X) No () N/A ()

We have disclosed to you all known noncompliance of the foregoing laws and regulations, we well as any contradictions to the foregoing representation. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Toni Guitrau</u>	Mayor	<u>Toni Guitrau</u>
<u>Deborah Allen</u>	Treasurer	<u>Deborah L. Allen</u>
<u>Deborah Allen</u>	Town Clerk	<u>Deborah L. Allen</u>